

**Teachers' Retirement Board Meeting  
BOI Conference Room  
Third Floor  
2401 Colonial Drive  
Helena, MT  
September 27, 2013**

**BOARD MEMBERS PRESENT**

Robert Pancich, Vice Chair  
Janice Muller  
Kari Peiffer  
Lisa Cordingley  
Marilyn Ryan  
Scott Dubbs

**STAFF PRESENT**

David Senn, Outgoing Executive Director  
Shawn Graham, Incoming Executive Director  
Tammy Rau, Deputy Executive Director  
Denise Pizzini, Legal Counsel

Rick Bush, Information Technology Manager  
Dan Gaughan, Outgoing Accounting/Fiscal Manager  
Chad Goodman, Incoming Accounting/Fiscal Manager  
Emma MacKenzie, Public Information Officer  
Johnelle Sedlock, Benefits Officer  
Karla Scharf, Retired Payroll Supervisor  
Natalie Chamberlin  
Chris Fish

**OTHERS PRESENT**

Todd Green, Cavanaugh Macdonald Consulting LLC  
Ed Macdonald, Cavanaugh Macdonald Consulting LLC  
Cliff Sheets, Board of Investments  
Sheri Scurr, Legislative Services  
Diane Fladmo, MEA-MFT  
Chuck Johnson, Lee Newspapers  
Bob Vogel, MTSBA  
Dan Villa, Governor's Office  
Bryan Evans, Governor's Office  
David Ewer, Board of Investments  
Senator Dave Lewis  
Wayne Harper  
Adam Priquette  
Amanda Priquette

**Call to Order**

Vice Chairperson Robert Pancich called the meeting to order at 8:35 a.m., in the BOI Conference Room Third Floor 2401 Colonial Drive Helena MT.

**Adoption of Agenda**

Vice Chairperson Pancich asked for any additions or changes to the agenda. Finding none, the vice chair requested a motion to adopt the agenda as written.

*Motion/Vote:* Member Kari Peiffer moved to adopt the agenda and Member Janice Muller seconded it. The motion passed unanimously.

**Adoption of Minutes**

Vice Chairperson Pancich asked for any changes or corrections to the minutes of May 10, 2013. Finding none, the vice chair requested a motion to adopt the minutes as presented.

*Motion/Vote:* Member Marilyn Ryan moved to adopt the minutes and Member Scott Dubbs seconded it. The motion passed unanimously.

**Adoption of Minutes**

Vice Chairperson Pancich asked for any changes or corrections to the minutes of May 30, 2013. Finding none, the vice chair requested a motion to adopt the minutes as presented.

*Motion/Vote:* Member Ryan moved to adopt the minutes and Member Lisa Cordingley seconded it. The motion passed unanimously.

**Adoption of Minutes**

Vice Chairperson Pancich asked for any changes or corrections to the minutes of August 23, 2013. Finding none, the vice chair requested a motion to adopt the minutes as presented.

*Motion/Vote:* Member Ryan moved to adopt the minutes and Member Muller seconded it. The motion passed unanimously.

**Public Comment on Board Related Items**

Vice Chairperson Pancich asked for public comment on any public matter not on the agenda and within the jurisdiction of the Board. There was no public comment.

**Actuarial Valuation**

Executive Director David Senn introduced Todd Green and Ed Macdonald of Cavanaugh Macdonald Consulting LLC. Mr. Green and Mr. Macdonald presented the July 1, 2013 actuarial valuation to the Board. They stated that the funding ratio increased from 59.24% to 66.80% due to increased contributions, GABA reduction, and benefit reductions for new hires resulting from House Bill 377. As a result, the amortization period went from infinite to 20 years. It was noted that if the GABA reduction was rejected by the courts, the amortization period would increase from 20 years to 29 years.

Vice Chair Pancich asked for comments from the Board. Finding none, the vice chair asked for comments from the public. Sheri Scurr asked questions about the 2013 gains/loss analysis graph in the report and how pay raises impact the system. David Ewer asked about the funding ratio and its link to the amortization period. Senator Lewis asked about the impact the new GASB requirements would have on their reporting. Mr. Green stated in the future there would be two separate reports, accounting statements following GASB, and a separate actuarial valuation report that would not be affected by the GASB accounting changes.

Vice Chair Pancich asked for other comments. Finding none, he asked for a motion to accept the actuarial report.

*Motion/Vote:* Member Dubbs made a motion to accept the actuarial report and Member Peiffer seconded it. The motion passed unanimously.

### **Closed Meeting**

#### **Executive Session to Discuss Disability Applications**

Vice Chairperson Pancich directed the meeting to be closed at 9:35 a.m. to discuss and review the disability applications since the individual's right to privacy pertaining to an application for disability benefits clearly exceeds the merits of public disclosure. The meeting was reopened to the public at 9:41 a.m.

#### **Notice of Conflict of Interest**

Ms. Pizzini reported to the other Board members that Member Muller has a personal relationship with Susan Matthews, an applicant for disability benefits, which could give rise to an appearance of a conflict of interest, so would not participate in discussion of or voting on her application for disability benefits.

### **Open Meeting**

#### **Applications for Disability Retirement Benefits**

Vice Chairperson Pancich requested motions on the disability applications.

*Motion/Vote:* Member Peiffer made a motion to approve the disability application of Susan Matthews. Member Ryan seconded the motion. The motion passed unanimously, with Member Muller abstaining.

*Motion/Vote:* Member Ryan made a motion to not approve the disability application of Etta Van Horn. Member Peiffer seconded the motion. The motion passed unanimously.

### **Executive Director's Report**

#### **Policy Update**

Mr. Senn reviewed the proposed telework policy. Mr. Senn said the policy submitted to the Board included the changes requested by the Board in August and was ready for the Board's approval.

*Motion/Vote:* Member Dubbs made a motion to approve the telework policy. Members Cordingley seconded the motion. The motion passed unanimously.

#### **Executive Summary**

Mr. Senn reviewed possible issues for the 2015 legislative session. He said TRS staff would begin preparing for the session and would have more information at the December Board meeting.

### **Administrative Business**

#### **Budget Amendment**

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Mr. Senn reviewed the budget amendments to increase personal services by \$28,000 to cover HB 13 pay increases, and to increase contracted services \$775,000 for work anticipated on M-Trust through June 2014. Mr. Senn stated that in May when the Board approved the 2013-14 budget for the year these were anticipated but unknown costs and it was agreed that they would be presented as a budget amendment at this time. Vice Chair Pancich asked for a motion to approve the budget amendment.

*Motion/Vote:* Member Cordingley made a motion to approve the budget amendment. Member Dubbs seconded the motion. The motion passed unanimously.

M-Trust Upgrade Status Report

Information Technology Manager Rick Bush presented his report on the status of the M-Trust Upgrade. He said there would be a live demonstration of the M-Trust project at the December Board meeting.

PRISM Conference Report

Mr. Bush gave his presentation on the 2013 PRISM Conference. He said one of the topics of the convention was the need for disaster recovery plans. Mr. Bush reviewed the disaster recovery plan TRS staff was working on.

NCTR Conference Report

Member Ryan gave her presentation on the 2013 NCTR Conference. She said all 50 states, District of Columbia and two territories all had pension legislation this year, and Montana was one of the most successful. Ms. Ryan said outside groups are trying to get states to change their pension systems.

Investment Report

Member Ryan gave her presentation on the Board of Investments. She said the annual Board of Investments report would be out in December.

Financial Statements and Budget Reports

Outgoing Accounting/Fiscal Manager Dan Gaughan and Incoming Accounting/Fiscal Manager Chad Goodman discussed the financial statements, budget and agency delinquency reports. They noted that the increase in the supplies budget was due to the purchase from HP for the IT department. They said there were no delinquent agency reports at this time.

Next Meeting Date

Vice Chairperson Pancich announced the next Board meeting date is December 6, 2013. Member Muller stated she would have to leave the meeting early, however she would attend.

Legal Counsel's Report

NAPPA Conference Report

Legal Counsel Denise Pizzini gave her presentation on the 2013 NAPPA Conference. She thanked the Board for allowing her to attend the conference.

At 10:55 a.m., Mr. Senn left the Board meeting to attend the LFC Committee meeting.

Summary of Legal Issues

Ms. Pizzini announced that the Walsh matter had settled, and she would get the Board copies of the settlement agreement. There has been no determination in the Mavencamp matter, and Mr. Mavencamp was not receiving overpayment of benefits.

Ms. Pizzini stated John Melcher of Agency Legal Services is the hearing judge for the Zabrocki matter, and there are dueling petitions for summary judgment. She announced that there is an ex parte prohibition on discussing the Zabrocki matter.

Ms. Pizzini said she would start working with Ice Miller on the Cycle C filing due in 2014.

### **Retirement Report**

#### **Service Retirements, Adjustments, and Survivor Benefits**

Deputy Director Tammy Rau reviewed the September 18, 2013 report of Service Retirements, Adjustments, and Survivor Benefits.

### **Election of Officers**

#### **Election of Chair and Vice Chair**

Vice Chair Pancich asked for nominations for the position of chair. Member Peiffer nominated Vice Chair Pancich. Vice Chair Pancich accepted the nomination.

*Motion/Vote:* Member Muller made a motion to accept Vice Chair Pancich as Chair. Member Dubbs seconded the motion. The motion passed unanimously.

Chairperson Pancich asked for nominations for the position of vice chair. Member Dubbs nominated Member Peiffer. Member Peiffer accepted the nomination.

*Motion/Vote:* Member Ryan made a motion to accept Member Peiffer as Vice Chair. Chairperson Pancich seconded the motion. The motion passed unanimously.

### **Committee Appointments**

The Board discussed which members would be on which committee. The Board agreed to the following members on the committees:

Budget/Audit – Member Ryan and Member Muller

Legislation/Litigation – Chairperson Pancich and Member Dubbs

Personnel/Policy – Member Cordingley and Member Peiffer

The meeting broke for lunch at 11:25 a.m. The meeting reconvened at the Teachers' Retirement System Board Room 1500 East 6<sup>th</sup> Avenue Helena MT.

Chairperson Pancich called the meeting to order 1:10 p.m.

### **Individual Petition**

#### **Adam Priquette – Informal Board Review of Staff Determination**

Mr. and Mrs. Priquette attended with Legal Counsel Wayne Harper. Following a statement by Mr. Harper, comments from TRS Legal Counsel, and questions from the Board, the Board held an informal review of staff determination that Mr. Priquette was not entitled to an additional year of service credit with TRS based on an additional year of purported "employment" with the Manhattan School District. The additional year of "employment" was a term of a settlement

agreement between Mr. Priquette and the Manhattan School District entered into to resolve an employment dispute.

*Motion/Vote:* Member Dubbs made a motion to accept the TRS staff determination. Member Peiffer seconded the motion. The motion passed, 4/2.

Kalispell Public Schools – Petition to allow Instructional Paraprofessional Reported to PERS to Remain in PERS

Mr. Senn reviewed the issue for the Board and announced that there is a similar problem with Laurel Public Schools. Mr. Senn suggested the Board table the issue until the December meeting so TRS staff can work with PERS staff on the issue. Chair Pancich asked for a motion.

*Motion/Vote:* Member Muller made a motion to table the issue until the December meeting. Member Peiffer seconded the motion. The motion passed unanimously.

**Adjournment**

Having no more business before them, Chairperson Pancich requested a motion to adjourn the meeting.

*Motion/Vote:* Member Cordingley moved to adjourn. Member Ryan seconded the motion. The motion passed unanimously.

The meeting adjourned at 2:30 p.m.

Chairperson \_\_\_\_\_

Executive Director \_\_\_\_\_